

AMENDED IN SENATE JUNE 20, 2006

AMENDED IN SENATE JUNE 14, 2006

AMENDED IN ASSEMBLY APRIL 6, 2006

CALIFORNIA LEGISLATURE—2005–06 REGULAR SESSION

ASSEMBLY BILL

No. 2756

Introduced by Assembly Member Levine

February 24, 2006

An act to add Chapter 5.2.5 (commencing with Section 25423) to Division 15 of the Public Resources Code, relating to ~~energy, and making an appropriation therefor.~~ *energy*.

LEGISLATIVE COUNSEL'S DIGEST

AB 2756, as amended, Levine. Energy: efficiency retrofits: State Energy Conservation Assistance Account for Public Universities.

Existing law requires the State Energy Resources Conservation and Development Commission to administer the State Energy Conservation Assistance Account, a continuously appropriated account, in the General Fund until January 1, 2011, to provide grants and loans to local governments and public institutions, as specified, to maximize energy use savings.

This bill would establish the State Energy Conservation Assistance Account for Public Universities, ~~a continuously appropriated account,~~ in the General Fund, to provide grants ~~and loans~~ to eligible institutions, defined as a campus of the California State University or a campus of the University of California, for projects, as defined to include energy audits, energy conservation and operating procedures, and energy conservation measures in existing buildings and facilities, energy conservation projects, and technical assistance programs. The

bill would transfer \$22,000,000 from the Attorney General's Alternative Energy Retrofit Account in the Litigation Deposits Fund to the State Energy Conservation Assistance Account for Public Universities, ~~which the bill would create, and which would be continuously appropriated to Universities. The bill would authorize moneys in the account, upon appropriation by the Legislature, to be used by the commission for the purposes of the bill.~~

The bill would require the Attorney General to report to the Legislature on or before July 1, 2007, and each July 1 thereafter, on all sums collected and expended for costs associated with siting and installation of certain generating units obtained through an energy settlement agreement with The Williams Companies, Inc. and Williams Energy Marketing & Trading Company.

Vote: $\frac{2}{3}$ -majority. Appropriation: ~~yes~~-no. Fiscal committee: yes. State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. Chapter 5.2.5 (commencing with Section
2 25423) is added to Division 15 of the Public Resources Code, to
3 read:

4
5 CHAPTER 5.2.5. ENERGY CONSERVATION ASSISTANCE FOR
6 PUBLIC UNIVERSITIES
7

8 25423. As used in this chapter, the following terms have the
9 following meanings:

10 (a) "Allocation" means a ~~loan~~ grant of funds by the
11 commission pursuant to the procedures specified in this chapter.

12 (b) "Building" means any existing structure that includes a
13 heating or cooling system, or both, and includes classrooms,
14 laboratories, dormitories, athletic facilities, administrative
15 facilities, or related facilities on a campus of the California State
16 University or the University of California. Additions to an
17 original building shall be considered part of that building rather
18 than a separate building.

19 (c) "Eligible institution" means a campus of the California
20 State University or a campus of the University of California.

(d) “Energy audit” means a determination of the energy consumption characteristics of a building or facility that does all of the following:

(1) Identifies the type, size, and energy use level of the building or facility and the major energy using systems of the building or facility.

(2) Determines appropriate energy conservation maintenance and operating procedures.

(3) Indicates the need, if any, for the acquisition and installation of energy conservation measures.

(e) “Energy conservation maintenance and operating procedure” means a modification or modifications in the maintenance and operations of a building or facility, and any installations therein (based on the use time schedule of the building or facility), that are designed to reduce energy consumption in the building or facility and that require no significant expenditure of funds.

(f) “Energy conservation measure” means an installation or modification of an installation in a building or facility that is primarily intended to reduce energy consumption or allow the use of a more desirable energy source.

(g) “Energy conservation project” means an undertaking to acquire and to install one or more energy conservation measures in a building or facility, and technical assistance in connection with that undertaking.

(h) “Facility” means any major energy using system of an eligible institution whether or not housed in a building.

(i) “Project” means a purpose for which an allocation may be requested and made under this chapter. Those purposes shall include energy audits, energy conservation and operating procedures, and energy conservation measures in existing buildings and facilities, energy conservation projects, and technical assistance programs.

(j) “Technical assistance costs” means costs incurred for the use of existing personnel or the temporary employment of other qualified personnel, or both, necessary for providing technical assistance.

(k) “Technical assistance program” includes all of the following:

(1) Conducting specialized studies identifying and specifying energy savings and related cost savings that are likely to be realized as a result of modification of maintenance and operating procedures in a building or facility, in addition to those modifications implemented after the preliminary energy audit, or acquisition and installation of one or more specified energy conservation measures in the building or facility, or as a result of both.

(2) Planning of specific remodeling, renovation, repair, replacement, or insulation projects related to the installation of energy conservation measures in the building or facility.

(3) Developing and evaluating alternative project implementation methods and proposals.

25423.1. (a) Any eligible institution may submit an application to the commission for an allocation for the purpose of financing all or a portion of the costs incurred in implementing a project. The application shall be in the form and contain the information that the commission shall prescribe.

(b) An application may be for the purpose of financing the eligible institution's share of costs that are to be jointly funded through a state, local, public utility, or federal-local program.

25423.2. (a) Applications may be approved by the commission only in those instances where the eligible institution has furnished information satisfactory to the commission that the costs of the project, plus interest on state funds loaned, calculated in accordance with Section 25423.6, will be recovered through savings in the cost of energy to the institution during the repayment period of the allocation. *commission.*

(b) The savings shall be calculated in a manner prescribed by the commission.

25423.4. Annually at the conclusion of each fiscal year, but not later than October 31, each eligible institution which has received an allocation pursuant to the provisions of this chapter shall compute the cost of the energy saved as a result of implementing a project funded by the allocation. The cost shall be calculated in a manner prescribed by the commission.

~~25423.6. (a) Each eligible institution to which an allocation has been made under this chapter shall repay the principal amount of the allocation, plus interest, in not more than 30 equal semiannual payments, as determined by the commission. The~~

1 first semiannual payment shall be made on or before December
2 22 of the fiscal year following the year in which the project is
3 completed. The repayment period may not exceed the life of the
4 equipment, as determined by the commission or the lease term of
5 the building in which the energy conservation measures will be
6 installed.

7 (b) ~~Notwithstanding any other provision of law, the~~
8 ~~commission shall, unless it determines that the purposes of this~~
9 ~~chapter would be better served by establishing an alternative~~
10 ~~interest rate schedule, periodically set interest rates on the loans~~
11 ~~based on surveys of existing financial markets and at rates not~~
12 ~~less than 3 percent per annum.~~

13 (c) ~~The Trustees of the California State University and the~~
14 ~~Regents of the University of California shall annually budget an~~
15 ~~amount at least sufficient to make the semiannual payments~~
16 ~~required in this section. The amount shall not be raised by~~
17 ~~additional student fees, but shall instead be obtained by savings~~
18 ~~in energy costs or other sources.~~

19 25423.8.

20 25423.6. (a) The State Energy Conservation Assistance
21 Account for Public Universities is hereby created in the General
22 Fund. ~~Notwithstanding Section 13340 of the Government Code,~~
23 ~~all money in the account is continuously appropriated to the~~
24 ~~commission without regard to fiscal year~~ *Moneys in the account*
25 *shall, upon appropriation by the Legislature in the annual*
26 *Budget Act, or other appropriation, be used by the commission*
27 *for the purposes of this chapter.*

28 (b) The money in the account shall consist of all money
29 transferred to, or authorized or required to be deposited in, the
30 account by the ~~Legislature and all money received by the~~
31 ~~commission pursuant to Section 25423.6.~~ *Legislature.*

32 (c) The money in the account shall be disbursed by the
33 Controller for the purposes of this chapter as authorized by the
34 commission.

35 (d) The commission may ~~contract and~~ provide grants for
36 services to be performed for eligible institutions. Services may
37 include, but are not limited to, feasibility analysis, project design,
38 field assistance, and operation and training. The amount
39 expended for those services may not exceed 10 percent of the

1 balance of the account as determined by the commission on July
2 1 of each year.

3 ~~(e) The commission may make grants for innovative projects~~
4 ~~and programs. The amount expended for grants may not exceed 5~~
5 ~~percent of the annual appropriation from the account.~~

6 ~~(f) The commission may charge a fee for the services provided~~
7 ~~under subdivision (d).~~

8 25424. (a) An allocation made pursuant to this chapter shall
9 be used for the purposes specified in an approved application.

10 (b) The commission shall allocate funds to eligible institutions
11 for projects utilizing the following prioritized criteria:

12 (1) The degree of incorporation of energy efficiency
13 technology into curriculum or efficacy of the project to be
14 utilized as a learning tool.

15 (2) The number of energy efficiency projects and the
16 magnitude of energy efficiency benefits previously derived from
17 projects by the eligible institution.

18 (3) The degree to which the eligible institution has
19 incorporated energy efficiency in its long-range strategic
20 planning through official planning documents that memorialize a
21 commitment to a comprehensive energy use reduction policy and
22 the degree to which the policy includes energy efficiency
23 retrofits.

24 (4) Whether the eligible institution has designated staff or
25 faculty responsible for coordinating energy policy on campus or
26 in the building and the number of projects and the magnitude of
27 energy efficiency benefits previously derived under the
28 management of the person or persons designated. This criteria
29 shall consider whether previous projects were performed on or
30 ahead of schedule, whether previous projects were completed on
31 or below budget, and whether the benefits actually achieved met
32 or exceeded expectations.

33 (5) The degree of completion of planning phases of projects.

34 (6) The effectiveness of the project as a demonstration project
35 for other eligible institutions, including integration with existing
36 energy efficiency technologies, proximity to other eligible
37 institutions, and proximity to other educational, civic, and
38 governmental institutions that may undertake similar projects.

39 (7) The amount of energy saved in the short run and over the
40 life of the project.

1 (c) In the event that the commission determines that an
2 allocation has been expended for purposes other than those
3 specified in an approved application, it shall immediately request
4 the return of the full amount of the allocation. The eligible
5 institution shall immediately comply with that request.

6 25424.2. (a) In furtherance of the purposes of the
7 commission as set forth in this chapter, the commission may
8 employ financial consultants, legal advisers, accountants, and
9 other service providers, as may be necessary in its judgment, in
10 connection with activities pursuant to this chapter.

11 (b) Notwithstanding any other provision of law, this chapter
12 provides a complete, separate, additional, and alternative method
13 for implementing the measures authorized by this chapter,
14 including the authority of the eligible institutions to borrow in the
15 future pursuant to loans made pursuant to this chapter, and is
16 supplemental and additional to powers conferred by other laws.

17 25424.4. The Department of Finance, at its discretion, may
18 audit the expenditure of any allocation made pursuant to this
19 chapter or the computation of any payment made pursuant to
20 Section 25423.6.

21 25424.6. In addition to the powers specifically granted to the
22 commission by the other provisions of this chapter, the
23 commission shall have the following powers:

24 (a) To establish qualifications and priorities, consistent with
25 the objectives of this chapter, for making allocations.

26 (b) To establish procedures and policies as may be necessary
27 for the administration of this chapter.

28 25424.8. The commission may expend from the State Energy
29 Conservation Assistance Account for Public Universities an
30 amount to pay for the actual administrative costs incurred by the
31 commission pursuant to this chapter. Such amount shall not
32 exceed 5 percent of the total appropriation, to be held in reserve
33 and used to defray costs incurred by the commission for
34 allocations made by the commission pursuant to this chapter.

35 SEC. 2. On or before July 1, 2007, and each July 1 thereafter,
36 the Attorney General shall report to the Legislature on all sums
37 collected and expended for costs associated with siting and
38 installation of the LM6000 units obtained through the settlement
39 with The Williams Companies, Inc. and Williams Energy

1 Marketing & Trading Company, made and entered into as of
2 November 11, 2002.

3 SEC. 3. (a) The sum of twenty-two million dollars
4 (\$22,000,000) is hereby transferred from the Attorney General's
5 Alternative Energy Retrofit Account in the Litigation Deposits
6 Fund to the State Energy Conservation Assistance Account for
7 Public Universities for use by the State Energy Resources
8 Conservation and Development Commission for the purposes of
9 Chapter 5.2.5 (commencing with Section 25423) of Division 15
10 of the Public Resources Code.

11 (b) The Legislature finds and declares that the moneys referred
12 to in subdivision (a) are proceeds from the settlement of litigation
13 with The Williams Companies, Inc. and Williams Energy
14 Marketing & Trading Company, made and entered into as of
15 November 11, 2002, and received for energy efficiency retrofit of
16 schools and public buildings.